

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
Report on Audit of Financial Statements
June 30, 2001

**MARICOPA
INTEGRATED
HEALTH SYSTEM**

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
Report on Audit of Financial Statements
June 30, 2001

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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of
Maricopa County, Arizona

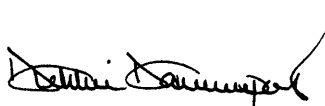
We have audited the accompanying financial statements of the Maricopa County AHCCCS and ALTCS Plans as of and for the year ended June 30, 2001, as listed in the table of contents. These financial statements are the responsibility of the Plans' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Maricopa County AHCCCS and ALTCS Plans and are not intended to present fairly the financial position of the Proprietary Fund Types—Enterprise Funds of Maricopa County, Arizona, and the results of their operations and cash flows in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Maricopa County AHCCCS and ALTCS Plans as of June 30, 2001, and the results of their operations and cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements of the Maricopa County AHCCCS and ALTCS Plans taken as a whole. The accompanying supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.


Debbie Davenport
Auditor General

October 9, 2001

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
Balance Sheets -- Enterprise Funds
June 30, 2001

	<u>MCHP Fund</u>	<u>ALTCS Fund</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 35,401,762	\$ 90,906,289
Receivables:		
Capitation	315,322	1,506,283
Reinsurance	5,381,204	3,731,480
Accrued interest	490,901	1,605,410
Other		40,621
Due from other County funds		39,764
Total current assets	<u>41,589,189</u>	<u>97,829,847</u>
Property, plant, and equipment:		
Machinery and equipment	4,965,782	4,101,548
Less accumulated depreciation	<u>4,944,470</u>	<u>2,972,451</u>
Net property, plant, and equipment	<u>21,312</u>	<u>1,129,097</u>
Total assets	<u><u>\$ 41,610,501</u></u>	<u><u>\$ 98,958,944</u></u>
Liabilities and Fund Equity		
Current liabilities:		
Medical claims payable	\$ 17,787,288	\$ 33,218,277
Accounts payable	76,375	3,690,026
Accrued liabilities		1,406,890
Due to other County funds	271,368	15,046,954
Deferred revenue	<u>1,447,364</u>	<u>207,754</u>
Total current liabilities	<u>19,582,395</u>	<u>53,569,901</u>
Fund equity:		
Contributed capital	590,079	4,814
Retained earnings	<u>21,438,027</u>	<u>45,384,229</u>
Total fund equity	<u>22,028,106</u>	<u>45,389,043</u>
Total liabilities and fund equity	<u><u>\$ 41,610,501</u></u>	<u><u>\$ 98,958,944</u></u>

See accompanying notes to financial statements.

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
Statements of Revenues, Expenses, and Changes in
Fund Equity -- Enterprise Funds
Year Ended June 30, 2001

	<u>MCHP Fund</u>	<u>ALTCS Fund</u>
Operating revenues:		
Capitation	\$ 67,911,041	\$ 262,144,356
Reinsurance	5,922,282	5,383,958
Third party recoveries	324,409	361,235
SOBRA supplement	4,098,102	
	<hr/>	<hr/>
Total operating revenues	78,255,834	267,889,549
	<hr/>	<hr/>
Operating expenses:		
Hospital inpatient services	31,476,124	
Medical compensation	12,170,224	
Institutional care		143,630,446
Home and community-based services (HCBS)		51,745,799
Acute care		42,018,064
Other medical	27,956,623	5,852,963
Administrative	4,144,569	17,111,409
Depreciation	43,734	113,880
	<hr/>	<hr/>
Total operating expenses	75,791,274	260,472,561
	<hr/>	<hr/>
Operating income	2,464,560	7,416,988
	<hr/>	<hr/>
Nonoperating revenues:		
Investment income	1,996,649	8,225,400
	<hr/>	<hr/>
Total nonoperating revenues	1,996,649	8,225,400
	<hr/>	<hr/>
Net income	4,461,209	15,642,388
	<hr/>	<hr/>
Fund equity, July 1, 2000	17,566,897	44,778,361
	<hr/>	<hr/>
Residual equity transfers out		15,031,706
	<hr/>	<hr/>
Fund equity, June 30, 2001	<u>\$ 22,028,106</u>	<u>\$ 45,389,043</u>

See accompanying notes to financial statements.

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
Statements of Cash Flows -- Enterprise Funds
Year Ended June 30, 2001

	<u>MCHP Fund</u>	<u>ALTCS Fund</u>
Cash flows from operating activities:		
Operating income	\$ 2,464,560	\$ 7,416,988
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	43,734	113,880
Changes in assets and liabilities:		
Increase in:		
Capitation receivable	(171,924)	(778,090)
Reinsurance receivable	(3,228,770)	(2,474,299)
Due from other County funds		(39,764)
Medical claims payable	7,553,764	2,580,692
Accounts payable		358,173
Deferred revenue	880,946	
Decrease in:		
Other receivables	4,463	18,194
Due from other County funds	6,732,908	
Accounts payable	(283,558)	
Accrued liabilities	(2,280)	(862,963)
Due to other County funds	(873,869)	(8,106,744)
Deferred revenue		(1,145,740)
	<hr/>	<hr/>
Net cash provided by (used for) operating activities	13,119,974	(2,919,673)
Cash flows from noncapital financing activities:		
Cash transfer to County General Fund		(34,121,505)
		<hr/>
Net cash used for noncapital financing activities		(34,121,505)
Cash flows from capital and related financing activities:		
Acquisition of capital assets		(812,825)
		<hr/>
Net cash used for capital and related financing activities		(812,825)
Cash flows from investing activities:		
Interest received on investments	1,580,383	7,067,490
	<hr/>	<hr/>
Net cash provided by investing activities	1,580,383	7,067,490
Net increase (decrease) in cash and cash equivalents	14,700,357	(30,786,513)
Cash and cash equivalents, July 1, 2000	20,701,405	121,692,802
	<hr/>	<hr/>
Cash and cash equivalents, June 30, 2001	\$ 35,401,762	\$ 90,906,289
	<hr/>	<hr/>

Noncash capital and financing activities:

The ALTCS Plan requested permission from the AHCCCS Administration to transfer \$15,031,706 of June 30, 2001 retained earnings to the County General Fund. AHCCCS approved the Plan's request on September 20, 2001.

During the fiscal year ended June 30, 2001, the ALTCS plan financed the acquisition of \$175,704 of capitalized computer software, resulting in increases to machinery and equipment and accounts payable.

See accompanying notes to financial statements.

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
Notes to Financial Statements
June 30, 2001

Note 1 Summary of Significant Accounting Policies

The accounting policies of the Maricopa County Arizona Health Care Cost Containment System (AHCCCS) and Arizona Long-Term Care System (ALTCS) Plans (the Plans) conform to generally accepted accounting principles applicable to governmental units set forth by the Governmental Accounting Standards Board (GASB). A summary of the Plans' more significant accounting policies follows.

A. Reporting Entity

For financial reporting purposes, the Maricopa County AHCCCS and ALTCS Plans comprise the Maricopa County Health Plan (MCHP) Fund and the ALTCS Fund, respectively, which are accounted for as Enterprise Funds of Maricopa County, Arizona, under the direction of administrators contracted by the County Board of Supervisors. However, ultimate fiscal responsibility for the Plans remains with the County. The AHCCCS and ALTCS Plans are contractors with the AHCCCS Administration to provide health care services to eligible enrollees of the AHCCCS and ALTCS Plans. The MCHP Fund accounts for both inpatient and outpatient medical and nursing services provided to eligible enrollees of the AHCCCS program. The ALTCS Fund accounts for inpatient and outpatient medical and nursing services in addition to managed institutional, home, and community-based long-term care services provided to eligible ALTCS program enrollees. The AHCCCS and ALTCS Plans receive monthly capitation payments from the AHCCCS Administration for all eligible enrollees under the respective AHCCCS and ALTCS programs.

B. Fund Accounting

The Plans' accounts are maintained in accordance with the principles of fund accounting to ensure that limitations and restrictions on the Plans' available resources are observed. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with the activities or objectives specified for those resources. Each fund is considered a separate accounting entity, and its operations are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses.

The Plans' financial transactions are recorded and reported as enterprise funds since their operations are financed and operated in a manner similar to private business enterprises, in which the intent of the Board of Supervisors is that the costs (expenses, including depreciation) of providing goods or

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
Notes to Financial Statements
June 30, 2001

services to the AHCCCS and ALTCS enrollees on a continuing basis be financed or recovered primarily through user charges. The measurement focus of the funds is on the flow of economic resources. The Plans apply only those applicable Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

C. Basis of Accounting

Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied, and determines when revenues and expenses are recognized in the accounts and reported in the financial statements. The financial statements of the Plans are presented on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents consist of cash held by the County Treasurer.

E. Property, Plant, and Equipment

Property, plant, and equipment are capitalized at cost. Depreciation of such assets is charged as an expense against operations. These assets are depreciated over their estimated useful lives using the straight-line method. The estimated useful lives of equipment is 5 to 8 years.

F. Compensated Absences

Compensated absences consist of personal leave and a long-term absence bank earned by employees based on services already rendered. Employees may accumulate up to 240 hours of personal leave, and its value is accrued at June 30. Any leave hours in excess of the maximum amount that are unused at calendar year-end are transferred to the long-term absence bank, and ultimately forfeited upon termination of employment. Generally, the long-term absence bank provides for extended periods of sick leave and is cumulative but does not vest with employees and, therefore, is not accrued. However, upon retirement, employees with accumulated long-term absence banks in excess of 1,000 hours are entitled to a \$3,000 bonus. The vested amount of such bonuses is reported as an accrued compensation

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
Notes to Financial Statements
June 30, 2001

expense liability in the Non-AHCCCS Health Plans Fund, an Enterprise Fund of Maricopa County.

G. Investment Income

Investment income is composed of interest and net changes in the fair value of applicable investments.

Note 2 Cash and Cash Equivalents

Cash and cash equivalents on the balance sheet consist of cash and investments held by the Maricopa County Treasurer and represents a portion of the County Treasurer's investment pool portfolios. This portion is not identified with specific investments and is not subject to custodial credit risk.

Note 3 Receivables

Capitation receivables result from revenues that are attributable to the year ended June 30, 2001, but not received until the subsequent fiscal year. Reinsurance receivables result from additional payments from the AHCCCS Administration to the Plans for certain enrollees whose medical expenses paid by the Plans during the fiscal year were in excess of specified deductible limits.

Note 4 Medical Claims Payable

Medical claims payable consist of estimates of \$15,225,989 and \$30,080,962 incurred but not reported (IBNR) medical claims; and \$2,561,299 and \$3,137,315 reported but unpaid claims (RBUCs) for the MCHP and ALTCS Funds, respectively.

Note 5 Residual Equity Transfer

The ALTCS Plan requested approval from the Arizona Health Care Cost Containment System to make a \$15,031,706 residual equity transfer of its June 30, 2001 retained earnings to the County General Fund. AHCCCS approved the Plan's request on September 20, 2001.

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
Notes to Financial Statements
June 30, 2001

Note 6 Related Party Transactions

The following is a summary of the significant related party transactions for the year ended June 30, 2001:

<u>Name of Related Party</u>	<u>Description of Services</u>	<u>MCHP Fund Expenses</u>	<u>ALTCS Fund Expenses</u>
Maricopa County Medical Center	Inpatient, outpatient, and other services	\$20,756,542	\$7,453,112
Maricopa County Medical Center	Attendant Care/Home Health		\$15,425,191

Note 7 Risk Management

The Maricopa County AHCCCS and ALTCS Plans are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Plans are a participant in Maricopa County's self-insurance program, and in the opinion of the Plans' management, any unfavorable outcomes from these risks would be covered by that self-insurance program. Accordingly, the AHCCCS and ALTCS Plans have no risk of loss beyond adjustments to future years' premium payments to Maricopa County's self-insurance program. All estimated losses for unsettled claims and actions of Maricopa County are determined on an actuarial basis and are included in the *Maricopa County Comprehensive Annual Financial Report*.

Note 8 Retirement Plan

Plan Description – The Plans contribute to a cost-sharing multiple-employer defined benefit pension plan administered by the Arizona State Retirement System. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The System is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The System issues a comprehensive annual financial report that includes its financial statements and required supplementary information. A recent report may be obtained by writing the Arizona State Retirement System, 3300 North Central Avenue, P.O. Box 33910, Phoenix, AZ 85067-3910 or by calling (602) 240-2000 or (800) 621-3778.

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
Notes to Financial Statements
June 30, 2001

Funding Policy – The Arizona State Legislature establishes and may amend active plan members' and the Plans' contribution rates. For the year ended June 30, 2001, active plan members and the Plans were each required by statute to contribute at the actuarially determined rate of 2.66 percent (2.17 percent retirement and 0.49 percent long-term disability) of the members' annual covered payroll. The Plans' contributions to the System for the years ended June 30, 2001, 2000, and 1999 were \$304,914, \$231,951, and \$283,590, respectively, which were equal to the required contributions for the year.

SUPPLEMENTARY SCHEDULES

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
AHCCCS Schedule 1
Medical Claims Payable (RBUCs and IBNR)
Year Ended June 30, 2001

<u>Account</u>	<u>1 - 30 days</u>	<u>31 - 60 days</u>	<u>61 - 90 days</u>	<u>More Than 90 days</u>	<u>Total RBUCs</u>	<u>IBNR</u>	<u>Total RBUCs & IBNR</u>
Hospital Inpatient	\$ 751,435	\$ 3,104	\$ -	\$ 1,352	\$ 755,891	\$ 6,562,075	\$ 7,317,966
Medical Compensation	432,750	3,058	-	774	436,582	1,772,676	2,209,258
Other Medical	869,406	21,878	-	1,549	892,833	5,387,426	6,280,259
Total Prospective	2,053,591	28,040	-	3,675	2,085,306	13,722,177	15,807,483
Total Prior Period Coverage (PPC)	475,706	30	-	257	475,993	1,503,812	1,979,805
Total Medical Claims Payable	<u>\$2,529,297</u>	<u>\$ 28,070</u>	<u>\$ -</u>	<u>\$ 3,932</u>	<u>\$2,561,299</u>	<u>\$ 15,225,989</u>	<u>\$ 17,787,288</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
AHCCCS Schedule 2A
Lag Report for Hospital Inpatient Payments
Year Ended June 30, 2001

<u>Quarter of Payment</u>	<u>Quarter in which Service Provided</u>							<u>Total</u>
	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	
Current	\$ 1,915,857	\$ 4,361,145	\$ 1,074,197	\$ 179,074	\$ 80,413	\$ 571	\$ 411	\$ 7,611,668
1st Prior	-	1,761,980	2,846,624	700,193	224,190	80,834	6,537	5,620,358
2nd Prior	-	-	2,287,026	3,686,192	533,760	428,369	118,206	7,053,553
3rd Prior	-	-	-	1,572,650	1,459,617	464,440	153,047	3,649,754
4th Prior	-	-	-	-	452,784	1,606,053	385,346	2,444,183
5th Prior	-	-	-	-	-	667,042	1,819,261	2,486,303
6th Prior	-	-	-	-	-	-	55,275,907	55,275,907
Totals	1,915,857	6,123,125	6,207,847	6,138,109	2,750,764	3,247,309	57,758,715	84,141,726
Expense Reported	7,032,738	6,786,504	6,984,535	6,361,383	1,886,517	2,490,800	53,872,567	85,415,044
Adjustments	(46,196)	880,281	(230,421)	(78,021)	876,348	756,509	3,886,148	6,044,648
Remaining Liability	<u>\$ 5,070,685</u>	<u>\$ 1,543,660</u>	<u>\$ 546,267</u>	<u>\$ 145,253</u>	<u>\$ 12,101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,317,966</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
AHCCCS Schedule 2B
Lag Report for Medical Compensation Payments
Year Ended June 30, 2001

<u>Quarter of Payment</u>	<u>Quarter in which Service Provided</u>							<u>Total</u>
	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	
Current	\$ 566,879	\$ 909,796	\$ 75,995	\$ 23,004	\$ 13,557	\$ 230	\$ 717	\$ 1,590,178
1st Prior	-	546,400	1,040,197	91,887	40,105	4,493	2,157	1,725,239
2nd Prior	-	-	700,559	1,186,634	378,463	38,802	4,311	2,308,769
3rd Prior	-	-	-	220,750	471,233	80,920	5,191	778,094
4th Prior	-	-	-	-	261,547	546,235	76,214	883,996
5th Prior	-	-	-	-	-	423,821	648,531	1,072,352
6th Prior	-	-	-	-	-	-	19,876,133	19,876,133
Totals	566,879	1,456,196	1,816,751	1,522,275	1,164,905	1,094,501	20,613,254	28,234,761
Expense Reported	2,311,191	1,784,396	1,494,407	1,370,818	1,537,394	1,420,299	19,486,116	29,404,621
Adjustments	79,615	(36,968)	398,038	169,268	(371,895)	(325,798)	1,127,138	1,039,398
Remaining Liability	<u>\$ 1,823,927</u>	<u>\$ 291,232</u>	<u>\$ 75,694</u>	<u>\$ 17,811</u>	<u>\$ 594</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,209,258</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
AHCCCS Schedule 2C
Lag Report for Other Medical Payments
Year Ended June 30, 2001

<u>Quarter of Payment</u>	<u>Quarter in which Service Provided</u>							<u>Total</u>
	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	
Current	\$ 4,075,984	\$ 2,270,663	\$ 304,690	\$ 120,295	\$ 9,102	\$ 2,840	\$ 778	\$ 6,784,352
1st Prior	-	3,429,807	1,861,910	155,336	43,345	9,512	10,406	5,510,316
2nd Prior	-	-	3,644,500	2,879,861	412,837	114,989	46,268	7,098,455
3rd Prior	-	-	-	3,079,309	1,332,399	204,789	49,888	4,666,385
4th Prior	-	-	-	-	1,666,557	1,014,087	209,865	2,890,509
5th Prior	-	-	-	-	-	2,044,793	1,389,042	3,433,835
6th Prior	-	-	-	-	-	-	59,674,836	59,674,836
Totals	4,075,984	5,700,470	5,811,100	6,234,801	3,464,240	3,391,010	61,381,083	90,058,688
Expense Reported	7,151,951	7,572,085	6,474,619	6,430,930	3,490,173	3,435,111	54,488,544	89,043,413
Adjustments	1,873,864	(963,335)	(347,980)	(94,432)	(21,021)	(44,101)	6,892,539	7,295,534
Remaining Liability	<u>\$ 4,949,831</u>	<u>\$ 908,280</u>	<u>\$ 315,539</u>	<u>\$ 101,697</u>	<u>\$ 4,912</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,280,259</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
AHCCCS Schedule 2D
Lag Report for PPC Hospital Inpatient Payments
Year Ended June 30, 2001

Quarter in which Service Provided

<u>Quarter of Payment</u>	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	<u>Total</u>
Current	\$ 227,016	\$ 547,213	\$ 196,480	\$ 50,323	\$ 23,779	\$ -	\$ -	\$ 1,044,811
1st Prior	-	179,560	615,234	264,038	124,281	18,136	7,893	1,209,142
2nd Prior	-	-	157,609	455,416	103,330	80,360	20,408	817,123
3rd Prior	-	-	-	70,697	249,507	80,274	50,499	450,977
4th Prior	-	-	-	-	66,603	242,758	89,095	398,456
5th Prior	-	-	-	-	-	61,917	218,758	280,675
6th Prior	-	-	-	-	-	-	41,980	41,980
Totals	227,016	726,773	969,323	840,474	567,500	483,445	428,633	4,243,164
Expense Reported	1,020,523	1,191,634	1,146,988	951,819	1,408,561	1,142,150	960,964	7,822,639
Adjustments	248,502	(58,420)	29,314	(39,262)	(832,896)	(658,705)	(532,331)	(1,843,798)
Remaining Liability	<u>\$ 1,042,009</u>	<u>\$ 406,441</u>	<u>\$ 206,979</u>	<u>\$ 72,083</u>	<u>\$ 8,165</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,735,677</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
AHCCCS Schedule 2E
Lag Report for PPC Medical Compensation Payments
Year Ended June 30, 2001

<u>Quarter of Payment</u>	<u>Quarter in which Service Provided</u>							<u>Total</u>
	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	
Current	\$ 38,012	\$ 90,699	\$ 24,770	\$ 5,943	\$ 1,514	\$ 450	\$ 412	\$ 161,800
1st Prior	-	39,179	94,093	24,764	4,732	582	153	163,503
2nd Prior	-	-	33,090	127,473	53,600	10,427	1,961	226,551
3rd Prior	-	-	-	761	41,337	26,555	(3,075)	65,578
4th Prior	-	-	-	-	14,566	61,395	18,359	94,320
5th Prior	-	-	-	-	-	28,285	85,003	113,288
6th Prior	-	-	-	-	-	-	28,457	28,457
Totals	38,012	129,878	151,953	158,941	115,749	127,694	131,270	853,497
Expense Reported	167,893	223,613	185,015	72,473	134,901	168,834	311,175	1,263,904
Adjustments	(25,318)	(58,083)	(26,126)	88,903	(18,892)	(41,140)	(179,905)	(260,561)
Remaining Liability	<u>\$ 104,563</u>	<u>\$ 35,652</u>	<u>\$ 6,936</u>	<u>\$ 2,435</u>	<u>\$ 260</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,846</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
AHCCCS Schedule 2F
Lag Report for PPC Other Medical Payments
Year Ended June 30, 2001

Quarter in which Service Provided								
<u>Quarter of Payment</u>	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	<u>Total</u>
Current	\$ 33,855	\$ 74,742	\$ 13,151	\$ 4,134	\$ 892	\$ 548	\$ -	\$ 127,322
1st Prior	-	22,299	46,485	19,053	4,082	1,413	(124)	93,208
2nd Prior	-	-	8,750	70,143	33,723	20,102	1,159	133,877
3rd Prior	-	-	-	2,530	29,372	26,694	1,322	59,918
4th Prior	-	-	-	-	7,900	25,950	11,897	45,747
5th Prior	-	-	-	-	-	20,674	40,234	60,908
6th Prior	-	-	-	-	-	-	15,991	15,991
Totals	33,855	97,041	68,386	95,860	75,969	95,381	70,479	536,971
Expense Reported	102,542	102,524	86,883	35,061	57,082	71,960	150,577	606,629
Adjustments	(2,896)	16,949	(14,133)	62,331	19,050	23,421	(80,098)	24,624
Remaining Liability	<u>\$ 65,791</u>	<u>\$ 22,432</u>	<u>\$ 4,364</u>	<u>\$ 1,532</u>	<u>\$ 163</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,282</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
AHCCCS Schedule 3
Analysis of Profitability by Major Risk Group Classification
Year Ended June 30, 2001

<u>REVENUES/EXPENSES</u>	<u>SSI MED</u>	<u>SSI W/O</u>	<u>MN/MI</u>	<u>SOBRA MOMS</u>	<u>KIDSCARE <1</u>	<u>KIDSCARE 1 - 13</u>	<u>KIDSCARE 14 - 18F</u>	<u>KIDSCARE 14 - 18M</u>
Member Months	22,585	47,335	22,835	5,051	375	18,912	2,170	2,368
Revenues:								
Capitation	\$ 3,755,101	\$ 15,391,672	\$ 13,111,583	\$ 408,043	\$ 105,134	\$ 1,513,902	\$ 266,670	\$ 189,919
PPC Capitation	13,353	121,812	3,461,638	102,235	-	-	-	-
SOBRA Supplement	31,974	144,177	26,620	2,224,544	-	-	58,667	-
HIV-AIDS Supplement	118,649	128,341	41,951	11,811	-	-	-	-
PPC Settlement	-	-	948,462	-	-	-	-	-
Investment Income	128,427	486,254	429,940	22,502	3,348	50,543	8,557	6,086
Other Income	-	-	-	-	-	-	-	-
Total Operating and Non-operating Revenues	<u>4,047,504</u>	<u>16,272,256</u>	<u>18,020,194</u>	<u>2,769,135</u>	<u>108,482</u>	<u>1,564,445</u>	<u>333,894</u>	<u>196,005</u>
Expenses:								
Medical:								
Hospital Inpatient	471,719	5,037,012	9,674,346	1,085,589	110,478	179,923	57,883	23,414
PPC - Hospital Inpatient	<u>5,248</u>	<u>97,883</u>	<u>3,114,945</u>	<u>30,074</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Hospital Inpatient	<u>476,967</u>	<u>5,134,895</u>	<u>12,789,291</u>	<u>1,115,663</u>	<u>110,478</u>	<u>179,923</u>	<u>57,883</u>	<u>23,414</u>
Medical Compensation:								
Primary Care Physician Services	163,733	957,296	677,644	78,788	8,092	403,639	46,664	50,938
Referral Physician Services	191,718	1,070,129	2,270,927	384,861	7,763	89,581	12,906	10,289
PPC - Physician Services	<u>83</u>	<u>7,181</u>	<u>340,084</u>	<u>28,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Medical Compensation	<u>355,534</u>	<u>2,034,606</u>	<u>3,288,655</u>	<u>491,924</u>	<u>15,855</u>	<u>493,220</u>	<u>59,570</u>	<u>61,227</u>

(Continued)

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
AHCCCS Schedule 3
Analysis of Profitability by Major Risk Group Classification
Year Ended June 30, 2001
(Continued)

<u>REVENUES/EXPENSES</u>	<u>TANF <1</u>	<u>TANF 1-13</u>	<u>TANF 14-44F</u>	<u>TANF 14-44M</u>	<u>TANF 45+</u>	<u>SOBRA FPS</u>	<u>TOTAL</u>
Member Months	34,463	161,568	37,249	14,894	2,787	6,159	378,751
Revenues:							
Capitation	\$ 11,106,209	\$ 10,340,289	\$ 3,401,576	\$ 1,228,970	\$ 628,629	\$ 129,449	\$ 61,577,146
PPC Capitation	763,167	324,414	200,784	72,551	24,727	-	5,084,681
SOBRA Supplement	-	-	1,612,120	-	-	-	4,098,102
HIV-AIDS Supplement	-	-	-	-	-	-	300,752
PPC Settlement	-	-	-	-	-	-	948,462
Investment Income	354,446	329,482	113,283	39,413	20,330	4,038	1,996,649
Other Income	-	-	-	-	-	-	-
Total Operating and Non- operating Revenues	<u>12,223,822</u>	<u>10,994,185</u>	<u>5,327,763</u>	<u>1,340,934</u>	<u>673,686</u>	<u>133,487</u>	<u>74,005,792</u>
Expenses:							
Medical:							
Hospital Inpatient	7,530,692	1,078,128	1,495,044	243,982	158,482	18,468	27,165,160
PPC - Hospital Inpatient	<u>830,119</u>	<u>128,856</u>	<u>66,071</u>	<u>24,528</u>	<u>13,240</u>	<u>-</u>	<u>4,310,964</u>
Total Hospital Inpatient	<u>8,360,811</u>	<u>1,206,984</u>	<u>1,561,115</u>	<u>268,510</u>	<u>171,722</u>	<u>18,468</u>	<u>31,476,124</u>
Medical Compensation:							
Primary Care Physician Services	362,639	1,327,184	352,957	76,155	46,796	7,906	4,560,431
Referral Physician Services	1,165,654	982,993	582,465	113,132	56,445	21,936	6,960,799
PPC - Physician Services	<u>41,139</u>	<u>141,519</u>	<u>56,384</u>	<u>26,665</u>	<u>7,664</u>	<u>-</u>	<u>648,994</u>
Total Medical Compensation	<u>1,569,432</u>	<u>2,451,696</u>	<u>991,806</u>	<u>215,952</u>	<u>110,905</u>	<u>29,842</u>	<u>12,170,224</u>

(Continued)

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
AHCCCS Schedule 3
Analysis of Profitability by Major Risk Group Classification
Year Ended June 30, 2001
(Continued)

<u>REVENUES/EXPENSES</u>	<u>SSI MED</u>	<u>SSI W/O</u>	<u>MN/MI</u>	<u>SOBRA MOMS</u>	<u>KIDSCARE <1</u>	<u>KIDSCARE 1 - 13</u>	<u>KIDSCARE 14 - 18F</u>	<u>KIDSCARE 14 - 18M</u>
Other Medical:								
Emergency Services	\$ 68,136	\$ 333,403	\$ 333,182	\$ 32,431	\$ 1,335	\$ 32,596	\$ 8,654	\$ 4,140
Pharmacy	991,060	1,814,503	1,205,735	55,619	564	28,445	7,917	6,379
Lab, X-ray, and Medical Imaging	25,358	251,984	401,035	54,405	191	8,562	3,083	5,530
Outpatient Facility	496,911	3,096,390	2,227,510	314,337	13,639	75,170	29,537	42,669
Durable Medical Equipment	126,435	321,881	183,674	42,384	9	931	-	517
Dental	41,568	158,227	103,086	14,271	265	284,487	30,590	26,383
Transportation	262,540	778,710	582,294	67,972	229	17,219	7,428	4,659
NF, Home Health Care	179,123	554,560	1,019,020	2,917	539	2,771	709	378
Physical Therapy	1,944	3,765	4,466	80	8	620	-	-
Other Risk Pool Expense	-	-	-	-	-	-	-	-
Miscellaneous Medical Expenses	26,104	21,221	9,816	8,025	-	20	183	118
PPC - Other Medical Expenses	5,396	26,960	184,458	28,984	-	-	-	-
Total Other Medical	<u>2,224,575</u>	<u>7,361,604</u>	<u>6,254,276</u>	<u>621,425</u>	<u>16,779</u>	<u>450,821</u>	<u>88,101</u>	<u>90,773</u>
Reductions to Medical Expenses:								
Reinsurance	-	(965,185)	(2,993,772)	(5,743)	-	-	-	-
PPC - Reinsurance	-	(27,499)	(281,068)	-	-	-	-	-
Third Party Recoveries	(1,035)	(23,922)	(228,395)	(11,537)	-	-	-	-
Total Reductions to Medical Expenses	<u>(1,035)</u>	<u>(1,016,606)</u>	<u>(3,503,235)</u>	<u>(17,280)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Medical Expenses	3,056,041	13,514,499	18,828,987	2,211,732	143,112	1,123,964	205,554	175,414
Administrative	256,010	1,034,004	881,306	60,527	7,027	102,046	18,741	12,724
Total Operating and Non-operating Expenses	<u>3,312,051</u>	<u>14,548,503</u>	<u>19,710,293</u>	<u>2,272,259</u>	<u>150,139</u>	<u>1,226,010</u>	<u>224,295</u>	<u>188,138</u>
Net Income (Loss)	<u>\$ 735,453</u>	<u>\$ 1,723,753</u>	<u>\$ (1,690,099)</u>	<u>\$ 496,876</u>	<u>\$ (41,657)</u>	<u>\$ 338,435</u>	<u>\$ 109,599</u>	<u>\$ 7,867</u>

(Continued)

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
AHCCCS Schedule 3
Analysis of Profitability by Major Risk Group Classification
Year Ended June 30, 2001
(Continued)

<u>REVENUES/EXPENSES</u>	<u>TANF <1</u>	<u>TANF 1-13</u>	<u>TANF 14-44F</u>	<u>TANF 14-44M</u>	<u>TANF 45+</u>	<u>SOBRA FPS</u>	<u>TOTAL</u>
Other Medical:							
Emergency Services	\$ 223,068	\$ 341,372	\$ 196,112	\$ 39,486	\$ 13,389	\$ 6,842	\$ 1,634,146
Pharmacy	328,797	1,435,182	468,151	157,216	66,969	53,665	6,620,202
Lab, X-ray, and Medical Imaging	38,270	71,460	121,172	16,618	6,381	3,701	1,007,750
Outpatient Facility	550,256	908,735	975,336	205,544	107,381	34,120	9,077,535
Durable Medical Equipment	152,774	647,517	176,711	73,612	13,674	3,735	1,743,854
Dental	19,920	1,847,671	168,166	78,875	3,586	4,826	2,781,921
Transportation	233,235	491,929	243,632	61,016	21,000	10,321	2,782,184
NF, Home Health Care	11,106	6,557	12,378	9,980	7,058	23	1,807,119
Physical Therapy	1,236	2,470	514	290	132	-	15,525
Other Risk Pool Expense	-	-	-	-	-	-	-
Miscellaneous Medical Expenses	11,538	49,645	21,071	5,677	1,128	4,831	159,377
PPC - Other Medical Expenses	7,928	18,277	37,643	11,189	6,175	-	327,010
Total Other Medical	1,578,128	5,820,815	2,420,886	659,503	246,873	122,064	27,956,623
Reductions to Medical Expenses:							
Reinsurance	(1,204,663)	(203,019)	(72,077)	(65,452)	(1,969)	-	(5,511,880)
PPC - Reinsurance	(92,602)	(8,670)	(563)	-	-	-	(410,402)
Third Party Recoveries	(222)	(29,600)	(19,101)	(10,597)	-	-	(324,409)
Total Reductions to Medical Expenses	(1,297,487)	(241,289)	(91,741)	(76,049)	(1,969)	-	(6,246,691)
Total Net Medical Expenses	10,210,884	9,238,206	4,882,066	1,067,916	527,531	170,374	65,356,280
Administrative	744,079	692,623	246,021	82,342	42,217	8,636	4,188,303
Total Operating and Non- operating Expenses	10,954,963	9,930,829	5,128,087	1,150,258	569,748	179,010	69,544,583
Net Income (Loss)	\$ 1,268,859	\$ 1,063,356	\$ 199,676	\$ 190,676	\$ 103,938	\$ (45,523)	\$ 4,461,209

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
AHCCCS Schedule 4
Officers and Directors
Year Ended June 30, 2001

<u>Name</u>	<u>Title</u>	<u>Other Relationship to MCHP Plan</u>	<u>Type of Compensation</u>
Linda Mushkatel Quorum Health Resources, Inc.	Vice President, Health Plans	None	Contract
Mark Hillard Quorum Health Resources, Inc.	Chief Executive Officer, Maricopa Integrated Health System	None	Contract
E. Colin Smart, M.D. Maricopa Integrated Health System - Health Plans	Interim Medical Director	None	Salary
Vacant	Operations Director	None	Salary
Richard Lewis Quorum Health Resources, Inc.	Interim Vice President, Chief Financial Officer	None	Contract
Cindy O'Dell Maricopa Integrated Health System - Health Plans	Medical Management Director	None	Salary

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
ALTCS Schedule 1
Medical Claims Payable (RBUCs and IBNR)
Year Ended June 30, 2001

<u>Account</u>	<u>1 to 30 days</u>	<u>31 to 60 days</u>	<u>61 to 90 days</u>	<u>More than 90 days</u>	<u>Total RBUCs</u>	<u>IBNR</u>	<u>Total RBUCs & IBNR</u>
Institutional Care	\$ 2,834	\$ 215,411	\$ 32,201	\$ 97,529	\$ 347,975	\$ 14,371,180	\$ 14,719,155
HCBS	655,563	4,560	-	349	660,472	7,551,973	8,212,445
Acute Care	1,935,823	11,900	2	1,877	1,949,602	6,144,618	8,094,220
Other Medical	103,545	3,326	-	-	106,871	768,179	875,050
Total Prospective	2,697,765	235,197	32,203	99,755	3,064,920	28,835,950	31,900,870
Total Prior Period Coverage (PPC)	67,268	4,779	-	348	72,395	1,245,012	1,317,407
Total Medical Claims Payable	<u>\$ 2,765,033</u>	<u>\$ 239,976</u>	<u>\$ 32,203</u>	<u>\$ 100,103</u>	<u>\$ 3,137,315</u>	<u>\$ 30,080,962</u>	<u>\$ 33,218,277</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
ALTCS Schedule 2A
Lag Report for Institutional Care Payments
Year Ended June 30, 2001

Quarter in Which Service Provided

<u>Quarter of Payment</u>	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	<u>Total</u>
Current	\$ 20,884,737	\$ 11,766,126	\$ 241,420	\$ 40,783	\$ 8,195	\$ 2,303	\$ (1,367)	\$ 32,942,197
1st Prior	-	20,595,279	12,342,821	202,189	12,236	(2,597)	6,141	33,156,069
2nd Prior	-	-	23,651,661	13,496,283	220,209	59,739	20,367	37,448,259
3rd Prior	-	-	-	23,073,805	12,302,936	231,276	44,786	35,652,803
4th Prior	-	-	-	-	23,429,411	12,746,359	174,870	36,350,640
5th Prior	-	-	-	-	-	23,114,979	13,207,963	36,322,942
6th Prior	-	-	-	-	-	-	23,886,095	23,886,095
Totals	20,884,737	32,361,405	36,235,902	36,813,060	35,972,987	36,152,059	37,338,855	235,759,005
Expense Reported	33,311,152	33,870,869	36,589,082	36,858,301	35,974,471	36,698,805	37,186,215	250,488,895
Adjustments	1,934,457	(1,202,846)	(310,069)	(37,236)	(935)	(546,746)	152,640	(10,735)
Remaining Liability	<u>\$ 14,360,872</u>	<u>\$ 306,618</u>	<u>\$ 43,111</u>	<u>\$ 8,005</u>	<u>\$ 549</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,719,155</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
ALTCS Schedule 2B
Lag Report for Home and Community-Based Services (HCBS) Care Payments
Year Ended June 30, 2001

Quarter in Which Service Provided

<u>Quarter of Payment</u>	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	<u>Total</u>
Current	\$ 6,340,284	\$ 5,191,437	\$ 339,992	\$ 33,703	\$ 5,944	\$ (3,720)	\$ (11,794)	\$ 11,895,846
1st Prior	-	7,065,414	5,725,182	487,254	53,152	(9,590)	(27,576)	13,293,836
2nd Prior	-	-	7,061,305	7,362,776	609,972	145,888	(23,343)	15,156,598
3rd Prior	-	-	-	5,555,332	5,805,979	142,640	137,197	11,641,148
4th Prior	-	-	-	-	6,299,982	5,216,900	167,613	11,684,495
5th Prior	-	-	-	-	-	6,679,631	6,273,310	12,952,941
6th Prior	-	-	-	-	-	-	4,946,095	4,946,095
Totals	6,340,284	12,256,851	13,126,479	13,439,065	12,775,029	12,171,749	11,461,502	81,570,959
Expense Reported	12,689,716	12,311,655	13,653,788	13,090,640	12,529,568	11,259,367	10,224,470	85,759,204
Adjustments	<u>1,222,827</u>	<u>497,757</u>	<u>(447,827)</u>	<u>356,125</u>	<u>245,904</u>	<u>912,382</u>	<u>1,237,032</u>	<u>4,024,200</u>
Remaining Liability	<u>\$ 7,572,259</u>	<u>\$ 552,561</u>	<u>\$ 79,482</u>	<u>\$ 7,700</u>	<u>\$ 443</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,212,445</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
ALTCS Schedule 2C
Lag Report for Acute Care Payments
Year Ended June 30, 2001

Quarter in Which Service Provided

<u>Quarter of Payment</u>	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	<u>Total</u>
Current	\$ 4,819,075	\$ 2,911,696	\$ 909,278	\$ 309,269	\$ (22,769)	\$ 34,717	\$ (32,014)	\$ 8,929,252
1st Prior	-	5,063,108	3,023,408	671,781	264,249	42,668	137,193	9,202,407
2nd Prior	-	-	5,300,331	4,519,346	973,501	312,821	128,531	11,234,530
3rd Prior	-	-	-	4,848,741	1,940,566	392,577	107,481	7,289,365
4th Prior	-	-	-	-	3,863,535	1,963,848	342,373	6,169,756
5th Prior	-	-	-	-	-	4,341,345	2,133,123	6,474,468
6th Prior	-	-	-	-	-	-	2,974,111	2,974,111
Totals	4,819,075	7,974,804	9,233,017	10,349,137	7,019,082	7,087,976	5,790,798	52,273,889
Expense Reported	10,616,920	10,203,456	10,250,898	10,578,315	7,467,438	7,139,709	8,115,339	64,372,075
Adjustments	260,613	(794,750)	(566,221)	(94,726)	(432,608)	(51,733)	(2,324,541)	(4,003,966)
Remaining Liability	<u>\$ 6,058,458</u>	<u>\$ 1,433,902</u>	<u>\$ 451,660</u>	<u>\$ 134,452</u>	<u>\$ 15,748</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,094,220</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
ALTCS Schedule 2D
Lag Report for Other Medical Payments
Year Ended June 30, 2001

Quarter in Which Service Provided

<u>Quarter of Payment</u>	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	<u>Total</u>
Current	\$ 762,144	\$ 478,029	\$ 62,114	\$ 36,328	\$ 15,188	\$ (409)	\$ (1,650)	\$ 1,351,744
1st Prior	-	684,035	609,380	56,508	44,063	12,015	396	1,406,397
2nd Prior	-	-	852,866	655,017	97,317	48,370	8,821	1,662,391
3rd Prior	-	-	-	763,782	510,136	39,038	28,325	1,341,281
4th Prior	-	-	-	-	686,191	410,470	94,631	1,191,292
5th Prior	-	-	-	-	-	576,034	437,992	1,014,026
6th Prior	-	-	-	-	-	-	695,539	695,539
Totals	762,144	1,162,064	1,524,360	1,511,635	1,352,895	1,085,518	1,264,054	8,662,670
Expense Reported	1,398,179	1,418,858	1,620,459	1,347,146	1,260,412	1,055,075	1,119,677	9,219,806
Adjustments	(1,029)	(123,651)	(8,958)	183,887	92,845	30,443	144,377	317,914
Remaining Liability	<u>\$ 635,006</u>	<u>\$ 133,143</u>	<u>\$ 87,141</u>	<u>\$ 19,398</u>	<u>\$ 362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 875,050</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
ALTCS Schedule 2E
Lag Report for PPC Institutional Care Payments
Year Ended June 30, 2001

Quarter in Which Service Provided

<u>Quarter of Payment</u>	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	<u>Total</u>
Current	\$ 71,881	\$ 311,974	\$ 79,799	\$ 27,210	\$ 9,275	\$ 13,129	\$ 8,970	\$ 522,238
1st Prior	-	104,713	401,819	109,936	18,758	7,095	(2,861)	639,460
2nd Prior	-	-	140,911	660,710	154,036	22,265	2,454	980,376
3rd Prior	-	-	-	154,032	607,142	203,604	41,184	1,005,962
4th Prior	-	-	-	-	107,970	602,793	132,499	843,262
5th Prior	-	-	-	-	-	220,934	673,226	894,160
6th Prior	-	-	-	-	-	-	131,090	131,090
Totals	71,881	416,687	622,529	951,888	897,181	1,069,820	986,562	5,016,548
Expense Reported	1,156,447	389,854	394,763	1,059,978	720,772	922,670	714,333	5,358,817
Adjustments	(294,891)	224,403	285,620	(89,499)	178,882	147,150	272,229	723,894
Remaining Liability	<u>\$ 789,675</u>	<u>\$ 197,570</u>	<u>\$ 57,854</u>	<u>\$ 18,591</u>	<u>\$ 2,473</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,066,163</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
 ALTCS Schedule 2F
 Lag Report for PPC Home and Community-Based Services (HCBS) Care Payments
 Year Ended June 30, 2001

Quarter in Which Service Provided

<u>Quarter of Payment</u>	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	<u>Total</u>
Current	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1st Prior	-	-	-	-	-	-	-	-
2nd Prior	-	-	-	-	-	-	-	-
3rd Prior	-	-	-	-	-	-	-	-
4th Prior	-	-	-	-	-	-	-	-
5th Prior	-	-	-	-	-	-	-	-
6th Prior	-	-	-	-	-	-	-	-
Totals	-	-	-	-	-	-	-	-
Expense Reported	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-
Remaining Liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
ALTCS Schedule 2G
Lag Report for PPC Acute Care Payments
Year Ended June 30, 2001

Quarter in Which Service Provided

<u>Quarter of Payment</u>	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	<u>Total</u>
Current	\$ 7,700	\$ 12,281	\$ 8,131	\$ 5,949	\$ 3,509	\$ (74)	\$ -	\$ 37,496
1st Prior	-	3,311	17,128	33,619	13,394	3,754	313	71,519
2nd Prior	-	-	3,495	71,617	40,673	22,613	(194)	138,204
3rd Prior	-	-	-	5,249	10,722	15,933	27,722	59,626
4th Prior	-	-	-	-	22,166	25,346	15,993	63,505
5th Prior	-	-	-	-	-	4,253	97,416	101,669
6th Prior	-	-	-	-	-	-	3,331	3,331
Totals	7,700	15,592	28,754	116,434	90,464	71,825	144,581	475,350
Expense Reported	15,988	160,102	97,577	94,808	196,956	48,627	59,386	673,444
Adjustments	118,538	(87,919)	(59,676)	31,677	(105,901)	23,198	85,195	5,112
Remaining Liability	<u>\$ 126,826</u>	<u>\$ 56,591</u>	<u>\$ 9,147</u>	<u>\$ 10,051</u>	<u>\$ 591</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 203,206</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
ALTCS Schedule 2H
Lag Report for PPC Other Medical Payments
Year Ended June 30, 2001

Quarter in Which Service Provided

<u>Quarter of Payment</u>	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	<u>Total</u>
Current	\$ 1,837	\$ 1,720	\$ -	\$ -	\$ 198	\$ -	\$ -	\$ 3,755
1st Prior	-	-	-	(399)	(692)	35	-	(1,056)
2nd Prior	-	-	-	4,329	157	-	-	4,486
3rd Prior	-	-	-	9,942	28,066	29,694	-	67,702
4th Prior	-	-	-	-	22,165	25,346	15,994	63,505
5th Prior	-	-	-	-	-	4,252	97,416	101,668
6th Prior	-	-	-	-	-	-	3,332	3,332
Totals	1,837	1,720	-	13,872	49,894	59,327	116,742	243,392
Expense Reported	(3,384)	26,052	(6,522)	52,175	28,383	26,165	65	122,934
Adjustments	35,203	(10,954)	8,684	(35,927)	21,651	33,162	116,677	168,496
Remaining Liability	<u>\$ 29,982</u>	<u>\$ 13,378</u>	<u>\$ 2,162</u>	<u>\$ 2,376</u>	<u>\$ 140</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,038</u>

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
ALTCS Schedule 3
Analysis of Profitability by Major Rate Code Classification
Year Ended June 30, 2001

<u>REVENUES/EXPENSES</u>	<u>Medicare</u>	<u>Non-Medicare</u>	<u>Total</u>
Member Months	95,087	16,931	112,018
Revenues:			
Capitation	\$ 217,581,855	\$ 39,300,333	\$ 256,882,188
Prior Period Coverage	4,026,537	541,447	4,567,984
HIV-AIDS Supplement	97,982	59,143	157,125
Investment Income	6,950,092	1,275,308	8,225,400
Patient Contributions	(100,522)	(18,445)	(118,967)
HCBS Placement Reconciliation	148,429	26,193	174,622
SOC Mix Reconciliation	416,096	65,308	481,404
	<u>229,120,469</u>	<u>41,249,287</u>	<u>270,369,756</u>
Total Operating and Nonoperating Revenues			
Expenses:			
Institutional Care:			
Skilled Nursing Care	64,540,424	11,789,077	76,329,501
Intermediate Care Facility	54,021,468	9,790,930	63,812,398
Incentive Pay	487,505	-	487,505
PPC Institutional	2,822,274	178,768	3,001,042
Share of Cost (SOC) Reconciliation	-	-	-
	<u>121,871,671</u>	<u>21,758,775</u>	<u>143,630,446</u>
Total Institutional Care			
HCBS Care:			
Home Health Nurse	2,317,810	409,025	2,726,835
Home Health Aide	747,328	131,881	879,209
Personal Care	4,926,093	869,311	5,795,404
Homemaker	1,563,311	275,878	1,839,189
Home Delivered Meals	832,815	146,968	979,783
Respite Care	41,571	7,336	48,907
Attendant Care	20,920,374	3,765,311	24,685,685
Adult Care Home	2,381,610	421,604	2,803,214
Adult Day Health	2,017,935	356,106	2,374,041
Adult Foster Care	3,967,486	2,647,144	6,614,630
Hospice	435,438	76,842	512,280
Environmental Modifications	47,382	7,130	54,512
Supportive Residential Living	2,062,394	369,716	2,432,110
	<u>42,261,547</u>	<u>9,484,252</u>	<u>51,745,799</u>
Total HCBS Care			

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
ALTCS Schedule 3
Analysis of Profitability by Major Rate Code Classification
Year Ended June 30, 2001
(Continued)

<u>REVENUES/EXPENSES</u>	<u>Medicare</u>	<u>Non-Medicare</u>	<u>Total</u>
Acute Care:			
Inpatient Services	\$ 2,766,319	\$ 6,049,418	\$ 8,815,737
Primary Care Physician Services	1,247,097	1,741,362	2,988,459
Referral Physician Services	582,311	1,245,952	1,828,263
Emergency Services	386,540	179,953	566,493
Outpatient Facility	1,930,961	1,918,505	3,849,466
Prescription Drug	12,598,396	2,855,969	15,454,365
Lab/Radiology	340,670	293,203	633,873
Durable Medical Equipment	1,071,310	1,006,050	2,077,360
Dental	328,371	89,096	417,467
Transportation	2,282,952	1,001,648	3,284,600
Therapies	44,778	37,950	82,728
Outpatient Behavioral Health	447,522	253,102	700,624
PPC Acute Care	218,538	149,937	368,475
Other	882,905	67,249	950,154
Total Acute Care	25,128,670	16,889,394	42,018,064
Other Medical:			
Ventilator Dependent	2,989,194	2,795,448	5,784,642
PPC - other	25,238	43,083	68,321
Total Other Medical	3,014,432	2,838,531	5,852,963
Reductions to Medical Expenses:			
Reinsurance	4,549,202	834,756	5,383,958
PPC Reinsurance	-	-	-
Third Party Recoveries	305,227	56,008	361,235
Total Reductions to Medical Expenses	4,854,429	890,764	5,745,193
Total Net Medical Expenses	187,421,891	50,080,188	237,502,079
Administrative:			
Compensation	2,928,433	537,353	3,465,786
Case Management	6,546,744	1,201,296	7,748,040
Data Processing	2,227,748	408,781	2,636,529
Management Fees	668,934	122,746	791,680
Occupancy (Rent/Utilities)	628,528	115,332	743,860
Depreciation	96,223	17,657	113,880
Other	1,457,980	267,534	1,725,514
Total Administrative	14,554,599	2,670,699	17,225,289
Total Operating and Nonoperating Expenses	201,976,481	52,750,887	254,727,368
Net Income (Loss)	\$ 27,143,988	\$ (11,501,600)	\$ 15,642,388

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
ALTCS Schedule 4
Officers and Directors
Year Ended June 30, 2001

<u>Name</u>	<u>Title</u>	<u>Other Relationship to MLTCP Plan</u>	<u>Type of Compensation</u>
Linda Mushkatel Quorum Health Resources, Inc.	Vice President, Health Plans	None	Contract
Mark Hillard Quorum Health Resources, Inc.	Chief Executive Officer, Maricopa Integrated Health System	None	Contract
E. Colin Smart, M.D. Maricopa Integrated Health System - Health Plans	Interim Medical Director	None	Salary
Vacant	Operations Director	None	Salary
Richard Lewis Quorum Health Resources, Inc.	Interim Vice President, Chief Financial Officer	None	Contract
Cindy O'Dell Maricopa Integrated Health System - Health Plans	Medical Management Director	None	Salary
Kathy Eskra Maricopa Integrated Health System - Health Plans	Maricopa Long-Term Care Plan Director	None	Salary

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
ALTCS Schedule 5
Utilization Data Report by County
Quarter Ended June 30, 2001
Year Ended June 30, 2001

	<u>Medicare</u>		<u>Non-Medicare</u>		<u>Total</u>	
	<u>Current</u>		<u>Current</u>		<u>Current</u>	
	<u>Period</u>	<u>YTD</u>	<u>Period</u>	<u>YTD</u>	<u>Period</u>	<u>YTD</u>
A. Enrollees (At End of Period)	7,262		1,141		8,403	
B. Member Months (Unduplicated)						
Institutional						
1. Level 1	5,470	23,730	916	4,065	6,386	27,795
2. Level 2	5,312	22,357	890	3,827	6,202	26,184
3. Level 3	356	1,648	59	283	415	1,931
4. Home and Community-Based Services (HCBS)						
a. Adult Foster Care	786	3,555	131	607	917	4,162
b. Adult Care Home	725	2,713	121	464	846	3,177
c. Group Home (DD)	0	0	0	0	0	0
d. Individual Home	7,598	32,222	1,273	5,519	8,871	37,741
e. Other : SRL & BHII	768	3,098	128	529	896	3,627
5. Acute Care	80	279	202	692	282	971
6. Ventilator	111	476	18	82	129	558
7. Prior Period	592	2,981	100	514	692	3,495
8. Other : Unplaced or Deceased	279	2,028	46	349	325	2,377
C. Acute Patient Day Information						
1. Admissions	631	2,747	221	1,038	852	3,785
2. Patient Days	3,073	13,688	1,325	5,945	4,398	19,633
3. Discharges	619	2,696	220	1,014	839	3,710
4. Discharge Days	2,355	10,559	917	4,446	3,272	15,005
5. Average Length of Stay	11.0	3.9	12.0	4.4	3.9	4.0
D. Emergency Room Visits	1,152	4,695	415	1,961	1,567	6,656

MARICOPA COUNTY AHCCCS AND ALTCS PLANS
ALTCS Schedule 5
Utilization Data Report by County
Month Ended June 30, 2001
Year Ended June 30, 2001

	<u>Medicare</u>		<u>Non-Medicare</u>		<u>Total</u>	
	<u>Current</u>	<u>YTD</u>	<u>Current</u>	<u>YTD</u>	<u>Current</u>	<u>YTD</u>
	<u>Period</u>		<u>Period</u>		<u>Period</u>	
A. Enrollees (At End of Period)	7,262		1,141		8,403	
B. Member Months (Unduplicated)						
Institutional						
1. Level 1	1,814	23,730	301	4,065	2,115	27,795
2. Level 2	1,747	22,357	290	3,827	2,037	26,184
3. Level 3	116	1,648	19	283	135	1,931
4. Home and Community-Based Services (HCBS)						
a. Adult Foster Care	258	3,555	43	607	301	4,162
b. Adult Care Home	251	2,713	42	464	293	3,177
c. Group Home (DD)	0	0	0	0	0	0
d. Individual Home	2,511	32,222	416	5,519	2,927	37,741
e. Other : SRL & BHII	254	3,098	42	529	296	3,627
5. Acute Care	31	279	83	692	114	971
6. Ventilator	38	476	6	82	44	558
7. Prior Period	196	2,981	33	514	229	3,495
8. Other : Unplaced or Deceased	98	2,028	16	349	114	2,377
C. Acute Patient Day Information						
1. Admissions	215	2,747	66	1,038	281	3,785
2. Patient Days	1,066	13,688	417	5,945	1,483	19,633
3. Discharges	207	2,696	68	1,014	275	3,710
4. Discharge Days	804	10,559	256	4,446	1,060	15,005
5. Average Length of Stay	3.9	3.9	3.8	4.4	3.9	4.0
D. Emergency Room Visits	387	4,695	125	1,961	512	6,656